What Closing Costs Should Homebuyers Budget for in Mississauga?

Buying a home involves more than arranging a down payment and qualifying for a mortgage. Before taking ownership, a purchaser may also need to pay land transfer tax, legal expenses, title insurance, property tax adjustments and other transaction-related charges.

These amounts vary according to the purchase price, property type, financing and terms of the Agreement of Purchase and Sale. Preparing an itemized estimate early can help a Mississauga buyer avoid an unexpected shortfall before closing.

Quick Answer: How Much Should a Buyer Set Aside?

As a general planning benchmark, homebuyers may need approximately **1.5% to 4% of the purchase price** for closing and related upfront costs, separate from the down payment. This range is identified in homebuying guidance from the Canada Mortgage and Housing Corporation.

The appropriate amount depends on factors such as:

- The property's purchase price
- First-time homebuyer eligibility
- Whether the property is new or resale
- The size and type of mortgage
- Condominium or builder adjustments
- The buyer's residency and citizenship status
- Property taxes or common expenses already paid by the seller

The 1.5% to 4% range is a budgeting guide, not a guaranteed quote. Buyers should request a transaction-specific estimate before waiving financing conditions or finalizing their available funds.

Which Core Closing Costs Should Be Included?

Closing costs are expenses paid to complete the legal and financial transfer of a property. They do not normally include the down payment itself, moving expenses or future mortgage payments.

Ontario land transfer tax

Ontario land transfer tax is usually one of the largest closing expenses. It is calculated using graduated rates:

- 0.5% on the first $55,000
- 1% on the portion above $55,000 up to $250,000

- 1.5% on the portion above $250,000 up to $400,000
- 2% on the portion above $400,000
- 2.5% on the portion above $2 million when the property contains one or two single-family residences

For example, the provincial tax on an $800,000 purchase would ordinarily be $12,475 before any eligible refund or exemption. Buyers can confirm the current brackets through the Ontario land transfer tax calculation guide.

Eligible first-time buyers may receive an Ontario refund of up to $4,000. Conditions apply, including rules concerning age, previous homeownership, a spouse's ownership history and occupancy of the property. Eligibility should therefore be confirmed rather than assumed.

Mississauga properties are not subject to Toronto's separate municipal land transfer tax because that tax applies to properties located within the City of Toronto.

Legal fees, disbursements and registration charges

The legal account may include both professional fees and disbursements paid to third parties. Common services and expenses include:

- Reviewing the purchase agreement and related documents
- Conducting title and off-title searches
- Reviewing mortgage instructions
- Preparing and registering the transfer and mortgage
- Electronic registration charges
- Tax, utility or execution searches
- Courier, banking and document-processing expenses
- HST on applicable fees and services

When comparing Mississauga real estate lawyers, buyers should ask for an itemized estimate distinguishing the professional fee, HST, title insurance and anticipated disbursements.

Title insurance

Title insurance is commonly obtained during an Ontario residential purchase. It may protect against certain covered title defects, liens, fraud, encroachments and errors in public records.

The premium is generally paid once, and its amount may depend on the property value and coverage. Title insurance is not legally mandatory in Ontario and does not replace a legal title review. The Financial Services Regulatory Authority of Ontario recommends discussing the available protection and exclusions with a qualified professional.

Property tax and other adjustments

A statement of adjustments allocates certain property expenses between the buyer and seller as of the closing date. If the seller prepaid property taxes beyond closing, the buyer may have to reimburse the seller for the buyer's portion.

Depending on the property, adjustments may also involve:

- Condominium common expenses
- Prepaid utilities or fuel
- Rental items
- Deposits or credits
- Builder charges disclosed in the agreement

An adjustment is not necessarily an additional fee. It is often a calculation used to ensure each party pays the appropriate share of an expense.

What Can Increase a Buyer's Final Budget?

Certain transactions require more than the standard resale-home budget.

Condominium purchases

Condominium buyers may need to consider common-expense adjustments, status certificate review costs and special assessments. A status certificate can disclose the unit's common-expense position, the condominium corporation's reserve fund, insurance, legal proceedings and other financial matters.

For a new condominium, interim occupancy fees may also apply before title transfers. These fees can include estimated property taxes, common expenses and interest on the unpaid balance of the purchase price.

Newly constructed homes

A builder agreement may contain adjustments for development charges, utility connections, meter installation, grading deposits or other items. Tarion addenda include summary schedules for closing costs and adjustments, but the agreement should still be reviewed carefully.

HST treatment also requires attention. The stated price may include an assumed rebate that the purchaser must qualify for and assign to the builder. As of July 2026, separate federal and Ontario programs may provide additional relief to eligible first-time purchasers of qualifying new homes. Eligibility, agreement dates and occupancy requirements should be checked using current Canada Revenue Agency housing-rebate guidance.

Mortgage-related expenses

If the down payment is below 20%, mortgage loan insurance may be required. The insurance premium can often be added to the mortgage, but Ontario's provincial sales tax on that premium cannot be added to the loan and must be paid separately.

Lenders may also require an appraisal, survey, insurance binder or additional title coverage. These requirements should be confirmed well before funds are delivered for closing.

Non-resident purchases

Ontario's Non-Resident Speculation Tax may apply when specified foreign nationals, foreign corporations or taxable trustees acquire certain residential property. The provincial rate is currently 25%, although exemptions and rebates may be available in limited circumstances.

Similar provincial cost categories apply elsewhere in Peel Region. A buyer completing a nearby transaction may consult a **real estate lawyer Brampton** purchasers use for property-specific advice. The role of a real estate lawyer—Brampton, Ontario, in that example—is to verify the applicable taxes, adjustments and agreement terms for the particular purchase.

How Can Buyers Estimate Closing Costs Step by Step?

A practical closing-cost estimate can be prepared using the following process:

1. **Confirm the purchase price.** Use the final price in the accepted agreement, including any amendments.
2. **Calculate provincial land transfer tax.** Apply the current graduated rates and then verify any refund or exemption.
3. **Request an itemized legal estimate.** Separate fees, HST, searches, registration charges, title insurance and other disbursements.
4. **Ask about property-specific expenses.** Review condominium, builder, appraisal, mortgage-insurance and non-resident costs where relevant.
5. **Allow for adjustments and a contingency.** The final statement may include taxes, common expenses or other prepaid items that were not known when the offer was signed.
6. **Confirm the required funds before closing.** Ask when the money must be available and which payment methods will be accepted.

A buyer should avoid committing every available dollar to the deposit and down payment. Keeping a separate closing-cost reserve reduces the risk of needing last-minute financing.

Frequently Asked Questions

Are closing costs included in the mortgage?

Some expenses, such as a mortgage loan insurance premium, may be added to the mortgage when the lender permits it. Land transfer tax, legal expenses, adjustments and provincial sales tax on mortgage insurance generally require separate funds. Buyers should confirm the exact treatment with their lender and legal representative.

Does Mississauga charge a municipal land transfer tax?

Mississauga homebuyers generally pay Ontario land transfer tax but not Toronto's municipal land transfer tax. Toronto's separate tax applies to qualifying property purchases within the City of Toronto.

Can first-time buyers avoid land transfer tax entirely?

An eligible first-time buyer may receive an Ontario refund of up to $4,000. Whether this eliminates the entire tax depends on the purchase price and the buyer's eligibility. For an $800,000 purchase, the maximum refund would reduce—but not eliminate—the calculated provincial tax.

Are home inspection and moving expenses closing costs?

They are better classified as related homebuying expenses because they may be paid before or after the legal closing date. However, they should still be included in the buyer's complete purchase budget.

When should a buyer request a final estimate?

An initial estimate should be obtained before firming up the purchase whenever possible. The amount should be updated after mortgage instructions and the seller's statement of adjustments are received. Final figures are often confirmed shortly before closing.

Key Takeaways

- Keep closing funds separate from the deposit and down payment.
- Use 1.5% to 4% of the purchase price as an initial benchmark.
- Calculate Ontario land transfer tax using the current brackets.
- Confirm first-time buyer, new-home and non-resident tax rules.
- Review builder, condominium and mortgage-related expenses separately.
- Obtain an updated statement of the funds required before closing.

Conclusion

Closing costs depend on the purchase price, financing, property type and agreement—not simply the home's advertised price. Early budgeting allows a buyer to identify land

transfer tax, legal expenses, adjustments and transaction-specific charges before they become urgent.

For a property-specific estimate or help reviewing the closing documents, a buyer may speak with a real estate lawyer Mississauga homebuyers can consult before the scheduled completion date.

This article provides general Ontario legal information and is not a substitute for advice about a specific transaction.